

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

PRINCETON DIGITAL IMAGE
CORPORATION,

Plaintiff,

v.

HEWLETT-PACKARD, et al.;

Defendants.

AND RELATED COUNTERCLAIMS

Civil Action No. 1:12-cv-779 (RJS)

ORAL ARGUMENT REQUESTED

**DEFENDANT HEWLETT-PACKARD COMPANY’S RULE 56.1 STATEMENT OF
MATERIAL FACTS IN SUPPORT OF DEFENDANTS’ MOTION FOR SUMMARY
JUDGMENT OF NONINFRINGEMENT BASED ON SETTLEMENT AGREEMENT
BETWEEN PLAINTIFF AND MICROSOFT CORP.**

Pursuant to Rule 56.1 of the Local Rules of the Southern District of New York,
Defendant Hewlett-Packard Company (“HP”) sets forth the following statement of material facts
as to which there is no genuine issue to be tried:

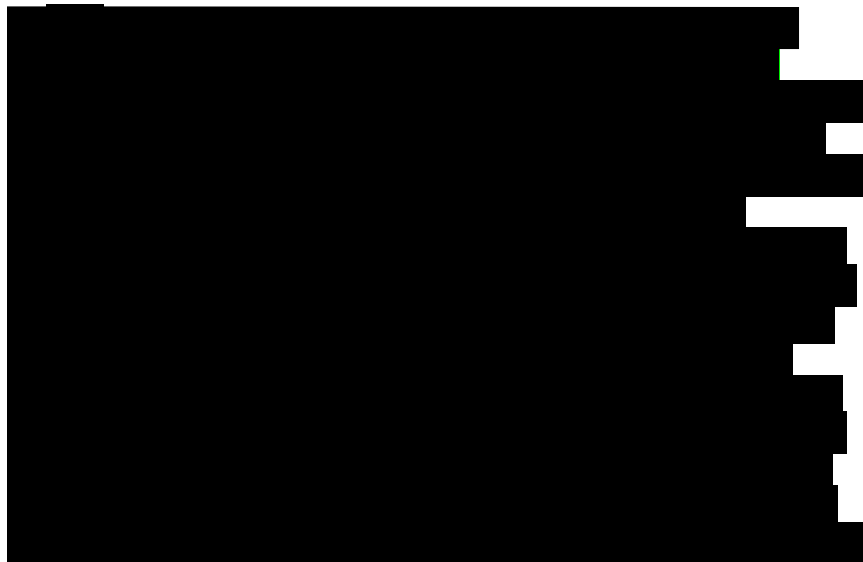
1. On June 28, 2013, Plaintiff Princeton Digital Image Corporation (“PDIC”) and
Microsoft Corporation (“Microsoft”) executed a Settlement and License Agreement (the
“Agreement”). HP Exhibit 1.

2. Sean O’Kelly, PDIC’s lead counsel in this case, negotiated the Agreement for
PDIC. HP Exhibit 2, Meagher Depo. at 307:9-22.

3. Pursuant to Section VI of the Agreement, PDIC received [REDACTED]
from Microsoft in consideration of the releases, licenses and covenants that PDIC granted to
Microsoft and the “Microsoft Third Parties” in Sections III, IV and V of the Agreement. HP
Exhibit 1; HP Exhibit 2, Meagher Depo. at 319:25-320:8.

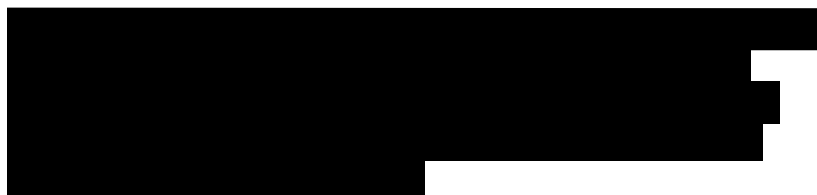
4. The Agreement was intended to “completely resolve any PDIC Claim for Relief according to the Terms and Conditions below.” HP Exhibit 1, p. 1.

5. Section 1.8 of the Agreement defines “Microsoft Products” as follows:

A large rectangular area of text is completely redacted with black ink.

HP Exhibit 1, p. 2.

6. Section 1.10 of the Agreement defines “Microsoft Third Parties” as follows:

A rectangular area of text is completely redacted with black ink.

HP Exhibit 1, p. 2.

7. At all relevant times, HP has been a customer of Microsoft. *See* HP Declaration of Paolo Fontani (“Fontani Decl.”); HP Declaration of Bradley R. Larson (“Larson Decl.”); HP Declaration of Curt Behrend (“Behrend Decl.”).

8. Under Section 3.2 of the Agreement, PDIC voluntarily and irrevocably released the Microsoft Third Parties from all Claims for Relief as to the Microsoft Products:

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[REDACTED]

HP Exhibit 1, p. 3.

9. Under Section 4.2 of the Agreement, PDIC granted the Microsoft Third Parties a worldwide, irrevocable, fully paid-up license for the Microsoft Products. HP Exhibit 1, p. 4.

10. Under Section 5.2 of the Agreement, PDIC covenanted not to sue the Microsoft Third Parties based on the Microsoft Products. HP Exhibit 1, p. 5.

11. Under Section 4.3 of the Agreement, PDIC agreed to withdraw its infringement contentions relating to the Microsoft Products, including those asserted against HP:

[REDACTED]

HP Exhibit 1, p. 5; *see also* HP Exhibit 7 (Agreement required PDIC to withdraw claims against HP products that included Microsoft “software tools”).

12. Under Section 5.3 of the Agreement, HP is a third-party beneficiary of the Agreement “[REDACTED]” HP Exhibit 1, p. 5.

13. Under Section 9.1, PDIC agreed that the Agreement may be pleaded as a complete defense to any action in violation of the terms of the Agreement. HP Exhibit 1, p. 8.

14. Under Section 9.11 of the Agreement, PDIC agreed that any ambiguity would be resolved in favor of finding no liability as to the Microsoft Third Parties in connection with the Licensed IP. HP Exhibit 1, p. 10.

15. PDIC has no evidence outside the PDIC-Microsoft Agreement that would inform the interpretation of any part of the Agreement. HP Exhibit 2, Meagher Depo. at 309:7-13.

16. PDIC has no position about whether HP digital cameras, printers and other devices combined with Microsoft software would qualify as “Microsoft Products” under Section 1.8 of the Agreement. HP Exhibit 2, Meagher Depo. at 317:3-10; 312:18-314:15; 318:1-4; 318:13-20; HP Exhibit 3, pp. 5-6; HP Exhibit 4, pp. 6-8; Dkt. No. 423, Hearing Tr. at 7:16-23.

17. PDIC accuses of infringement the following HP products sold between 2004 and 2007: (1) certain models of HP digital cameras; (2) certain HP scanner products (HP laser printers and inkjet printers with scanning capabilities, and a single HP scanner model); and (3) HP’s Snapfish photo service. HP Exhibit 5.

18. Each accused HP product qualifies as a “Microsoft Product” under Section 1.8, because each is a combination, hybrid, or aggregation that “incorporates or uses” a Microsoft “Offering.” HP Exhibit 1, p. 2; Fontani Decl. ¶¶ 4-10; Larson Decl. ¶¶ 4-11; Behrend Decl. ¶¶ 4-10; HP Declaration of Jimmie Sato (“Sato Decl.”) ¶¶ 3-7; HP Exhibits 6, 12.

19. Each accused HP product is designed for use with a Microsoft operating system and/or the Microsoft Internet Explorer Web browser. Fontani Decl. ¶ 5; Larson Decl. ¶ 5; Behrend Decl. ¶ 6; Sato Decl. ¶ 3.

20. Each accused HP camera, printer and scanner passed Microsoft’s Windows Hardware Quality Lab (“WHQL”) testing, which is required for certification by Microsoft and

was “an absolute requirement” for HP. Fontani Decl. ¶ 5; Larson Decl. ¶ 5; Behrend Decl. ¶ 6; HP Exhibit 11, Fontani Depo. at 61:8-13.

21. Each accused HP camera, printer and scanner incorporates and uses one or more Microsoft Catalog (“.cat”) files, which are digitally-signed software files provided by Microsoft that allow the HP accused products to be seamlessly plugged into and operated with a Microsoft operating system. Fontani Decl. ¶¶ 6-10; Larson Decl. ¶¶ 7-11; Behrend Decl. ¶¶ 8-10.

22. Each accused HP camera, printer and scanner incorporates and uses the Microsoft FAT32 File System, which HP uses as the main internal file system for storage of information on the accused products and which runs in the firmware on the HP accused products. Fontani Decl. ¶ 11; Larson Decl. ¶ 12; Behrend Decl. ¶ 11.

23. The Microsoft FAT32 File System helps HP to develop new products by allowing developers to easily exchange files on the device, and it allows camera users to view and download photos from the camera onto a Microsoft Windows PC. Larson Decl. ¶ 12; Fontani Decl. ¶ 11.

24. Since before 2004, HP has used the Microsoft Windows Software Development Kit (“SDK”), which allows HP to develop printer software that works with Microsoft operating systems. Larson Decl. ¶ 6; Behrend Decl. ¶ 7.

25. Since before 2004, HP has used the Microsoft Windows installer (“MSI installer”), a Microsoft software component used for the installation, maintenance and removal of HP software on Windows PCs. Larson Decl. ¶ 6; Behrend Decl. ¶ 7.

26. The HP Snapfish service was designed to be used with the Microsoft Internet Explorer Web browser. Sato Decl. ¶ 3.

27. In the 2004 through 2007 timeframe, the vast majority of users accessed Snapfish through the Microsoft Internet Explorer Web browser, so it was critical that Snapfish be able to operate seamlessly with Internet Explorer. Sato Decl. ¶ 3.

28. In the 2004 through 2007 timeframe, much of Snapfish's supporting infrastructure ran on Microsoft Windows servers. Sato Decl. ¶ 4.

29. Since at least 2004, Snapfish has used Microsoft's ActiveX technology as the primary software application to upload images and photos. Sato Decl. ¶ 5.

30. Starting in July 2005, Snapfish was designed to be used with Microsoft Windows XP Print Wizard. Sato Decl. ¶ 6.

31. Starting in 2006, Snapfish engineers developed and released a new client software application called HP Picture Mover, which was designed to be downloaded and run on Microsoft Windows PCs. Sato Decl. ¶ 7.

Dated: April 25, 2014

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**ATTORNEYS FOR DEFENDANT
HEWLETT-PACKARD COMPANY**

CERTIFICATE OF SERVICE

I hereby certify that on April 25, 2014, I electronically transmitted the attached document to the Clerk's Office using the CM/ECF System for filing and service on registrants.

/s/ Sean C. Cunningham
Sean C. Cunningham